

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A SPECIAL CONTRACT BETWEEN THE	)	
LOUISVILLE GAS AND ELECTRIC COMPANY	)	
AND INSIGHT KENTUCKY PARTNERS II, L.P.	)	
AND AN APPLICATION OF LOUISVILLE GAS AND	)	CASE NO. 2002-00386
ELECTRIC COMPANY FOR DEVIATION FROM	)	
ADMINISTRATIVE REGULATION 807 KAR 5:022,	)	
SECTION 8(2)(a)	)	

O R D E R

Louisville Gas and Electric Company ( LG&E ) has filed an application pursuant to Administrative Regulation 807 KAR 5:006, Section 27, requesting permission to deviate from Administrative Regulation 807 KAR 5:022, Section 8(2)(a), and to accept a special contract with Insight Kentucky Partners II, L.P. ( Insight ) to provide unmetered gas service.

In its present application, LG&E wishes to contract with Insight to provide unmetered gas service to Insight s back-up generators. LG&E is requesting a deviation from Administrative Regulation 807 KAR 5:022, Section(8)(2)(a), so that it may provide the unmetered service as described above.

Insight approached LG&E to request unmetered service for its gas-operated generators to supplement Insight s power supply in the event of an interruption of LG&E s electric service. Insight requires constant electrical power to maintain high-speed digital access and other communication services. LG&E claims that because of the very limited time the generators would run, metering the usage is not a necessity. LG&E claims that usage estimation would be more cost efficient.

LG&E had installed six gas meters at random throughout Insight's service area to substantiate the contract estimations. In 18 months of monitoring, the meters registered a total usage from 0 to 2 CCF per meter.

Administrative Regulation 807 KAR 5:022, Section 8(2)(a), requires all gas sold in Kentucky to be metered except in cases of emergency or when granted a deviation. Administrative Regulation 807 KAR 5:041, Section 9(1), allows a utility to offer estimated unmetered service when metering is impractical due to the temporary or special nature of the service. The Commission finds that the contract service LG&E is offering to Insight meets the requirements of Administrative Regulation 807 KAR 5:041, Section 9(1), and, thus, may deviate from Administrative Regulation 807 KAR 5:022, Section 8(2)(a).

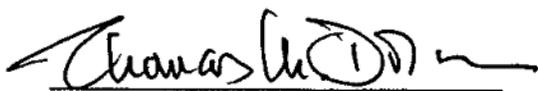
IT IS THEREFORE ORDERED that:

1. LG&E may deviate from Administrative Regulation 807 KAR 5:022, Section 8(2)(a).
2. The contract between LG&E and Insight, attached hereto as Appendix A, is approved.

Done at Frankfort, Kentucky, this 31<sup>st</sup> day of October, 2002.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE  
KENTUCKY PUBLIC SERVICE COMMISSION

IN CASE NO. 2002-00386

DATED OCTOBER 31, 2002



LG&E Energy Corp.  
220 West Main Street (40202)  
P. O. Box 32010  
Louisville, Kentucky 40232

October 16, 2002

Mr. Thomas Dorman, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602-1615

RECEIVED

OCT 17 2002

PUBLIC SERVICE  
COMMISSION

Dear Mr. Dorman:

Enclosed for filing, per the requirements of 807 KAR 5:011, Section 13, are four copies of a Contract for Electric Service with Insight Communications ("Insight"). LG&E Energy Corp. ("LG&E") will provide natural gas service to operate generators throughout Insight's service area pursuant to this Special Contract.

Insight approached LG&E about the need to have new gas services to operate (back-up) gas-operated generators at their existing "booster" stations. This need arose from Insight's growing needs to offer high-speed digital access and telephone services. Each of Insight's "booster" stations is currently served by a standard LG&E electric service drop and electric meter. In case of an electrical power failure, Insight's rechargeable batteries take over and provide the required voltage, but only for a limited time. Since the need for constant electrical power is more critical than ever to Insight's operations, Insight developed a plan to install gas generators which would operate the battery chargers during prolonged electrical outages. LG&E looked at the process of providing and metering gas services and concluded that, in light of the *very limited* times that the generators would run, metering the gas usage was not necessary. Therefore, *usage estimation* would only make sense from a cost/benefit standpoint. Insight has agreed to this estimation.

To substantiate the contracted estimations, LG&E randomly installed 6 gas meters throughout Insight's service area. These 6 gas meters have, in their 18 months of existence, registered a total minimal usage from 0 to 2 CCF per meter.

PSC 807 KAR 5:022 Section 8 Gas Measurement (2)(a) states that "all gas sold by a utility and all gas consumed by a utility in the State of Kentucky shall be metered through approved type meters except in cases of emergency or when otherwise authorized by the commission." LG&E hereby requests that the Commission allow a variance in this case so that LG&E may provide the gas service to Insight without metering. In seeking Commission approval, LG&E

references PSC 807 KAR 5:041 Electric, Section 9 (1), which states that "all energy sold within the State of Kentucky shall be measured by commercially acceptable measuring devices owned and maintained by the utility, except where it is impractical to meter loads, such as multiple street lighting, temporary or special installations, in which case consumption may be calculated." LG&E has applied this law with regard to lighting and emergency alert sirens and believes this method of calculating usage is accurate. The situation regarding Insight is analogous.

Therefore, pursuant to 807 KAR 5:011, Section 13, LG&E hereby requests the Commission to accept and approve the Special Contract.

Sincerely,

*H. Howard Bush* *MB*

Howard Bush, Manager  
Regulatory Compliance

FHB: mjr

**APPLICATION AND CONTRACT FOR SERVICE**

Name of Applicant Kentucky Purview II, L.P. Insight Communications Inc.  
 Premises to be Served (Various ~ See Below) Occupied as Power supply/generator

Application is hereby made to Louisville Gas and Electric Company (hereinafter called Company) by the above-named person or firm (hereinafter called Applicant) for gas and/or electric service as more specifically described herein. Applicant agrees to accept, use and pay for service in accordance with the Company's applicable rate schedules, rules and regulations, as filed with the Public Service Commission of Kentucky, and as in effect at the time of delivery.

<u>GAS SERVICE</u>	<u>ELECTRIC SERVICE</u>	<u>ELECTRIC SERVICE</u>
Rate Schedule <u>CGS</u>	Rate Schedule <u>General Service</u>	Rate Schedule _____
Delivery Pressure _____	Voltage <u>120/240</u> Phase <u>single</u>	Voltage _____ Phase _____
Load Data _____	Load Data _____	Load Data _____
_____	_____	_____
_____	_____	_____

When is service desired? Gas \_\_\_\_\_ Electric \_\_\_\_\_  
 Has there been previous service to premise? Gas \_\_\_\_\_ Electric \_\_\_\_\_  
 Are adequate meters now installed? Gas \_\_\_\_\_ Electric \_\_\_\_\_  
 Name of former customer at premises \_\_\_\_\_  
 Applicant had previous service at Various locations Discontinue on \_\_\_\_\_  
 Bills to be mailed to Applicant at 11505 Electron Drive, Louisville, KY 40299 ATTN: Mickey Beard  
 Other provisions or specifications: Account # - Varies

Each gas service location will be billed at the rate Firm Commercial Gas Service (CGS) of \$16.50 per month (minimum charge), plus, an estimated consumption of 37.5 cubic feet of gas per month, which will be billed at the applicable gas supply component tariffed rate for that given period of time. LG&E has installed check meters to verify estimated consumption, and reserves the right to increase or decrease the estimated usage as may be required. Additionally, LG&E may request a report(s) from Insight Communications to verify run-time for the generators that coincide with the check meters. LG&E reserves the right to estimate and/or rebill gas consumption for generators that maybe subject to longer than average duration's, on an as needed basis due to electrical outages in the area or other conditions. All gas services will be subject to all applicable rules and regulations concerning the delivery, and cost of supplying gas service.

This service contract shall extend for a period of one year, beginning as connection is made, and from month to month thereafter until one party or the other shall give notice of a desire to terminate it. In consideration of Company's service to Applicant's premises, Applicant grants Company such rights across said premises as may be necessary to furnish service to neighboring premises.

Accepted and agreed to:

LOUISVILLE GAS AND ELECTRIC COMPANY

Kentucky Purview II, L.P.  
Insight communications Inc.  
 Applicant

By James J. Holderman  
 James J. Holderman, Account Executive  
 Date 4/10/01

By Charles Dietz  
 Signature  
Senior VP of Engineering  
 Name & Title (Please Print)  
 Date 4/21/01